

Note: Not all states impose all tax types. If you selected a topic and no results appear for one or more states selected; those states do not impose that particular tax.

Caution: The links in the Citation and CCH Discussion columns below will only work if you are a subscriber to the CCH State Tax Reporter for the state.

+ Business Income Tax > Group Filing Requirements and Options > Combined Reporting > Elective Combination

+ Business Income Tax > Group Filing Requirements and Options > Combined Reporting > Mandatory Combination

— Business Income Tax > Group Filing Requirements and Options > Consolidated Returns

An affiliated group of corporations may elect to file a federal consolidated income tax return. Consolidated taxable income is computed by calculating the separate taxable incomes of the members, aggregating them, and increasing or decreasing the result by items that are computed on a consolidated basis. A federal "affiliated group" is defined as one or more chains of includible corporations connected through stock ownership with a common parent that is an includible corporation. The common parent must directly own 80% or more of at least one of the other includible corporations, and stock meeting the 80% test in each includible corporation other than the common parent must be owned directly by one or more of the other includible corporations. Includible corporations generally are domestic corporations except tax-exempt corporations, pass-through corporations such as S corporations, and life insurance companies.

The following chart shows whether each state and the District of Columbia permits the filing of consolidated returns by corporation income taxpayers.

Jurisdiction	Consolidated Returns	Comment	Citation	CCH ¶
Alabama	Yes	Alabama affiliated group filing or required to file a federal consolidated return may elect to file AL consolidated return for same year.	Alabama Code §40-18-39	Alabama 11-545
Alaska	Yes		Alaska Stat. §43.20.031 (e), Alaska Admin. Code tit. 15 §20.100	Alaska 11-545
Arizona	Yes	Permitted for affiliated groups filing federal consolidated return; may be required.	Ariz. Rev. Stat. §43-947	Arizona 11-545
Arkansas	Yes	Members of federally defined affiliated group that have Arkansas income may elect.	Ark. Code, Ann. §26-51-805	Arkansas 11-545
California	No	Certain affiliated groups of railroad corporations may file consolidated returns. Also, affiliated corporations may be required to file a consolidated return to prevent tax evasion or to clearly reflect income earned from business in the state. We recommend you reference cited authority for more information.	Cal. Rev. & Tax Code §23362, Cal. Rev. & Tax Code §25104	California 11-545
Colorado	Yes	Permitted for federally defined affiliated group if all consent. We recommend you reference	Colo. Rev. Stat. §39-22-305	Colorado 11-545

			cited authority for more information.		
		Affiliated corporations included in a federal consolidated return may file or be required to file a combined return whereby tax is measured by sum of separate net income or loss of each corporation included or minimum tax base of included corporations but only to extent that income, loss or minimum tax base of any included corporation is separately apportioned to the state.			
Connecticut			Term "combined return" is used for what is usually called a consolidated return. We recommend you reference cited authority for more information.	Conn. Gen. Stat. §12-223a, Form CT-1120CR Instructions, Combined Corporation Business Tax Return	Connecticut 11-545
Delaware	No		Permitted for affiliated group of headquarters management corporations.	Del. Code Ann. tit. 30, §6404(e), Form 1100 Instructions, Corporate Income Tax Return	Delaware 11-545
District of Columbia	No, for tax years beginning after 2010. Yes, for tax years beginning before 2011.		Permitted upon binding election by all corporations that are part of a federally defined and electing affiliated group subject to D.C. franchise tax on some part of their gross income, where all corporations have nexus with the District, and the return does not include any corporation that uses a different accounting method and period. Exception applies to any Qualified High Technology Company.	D.C. Code Ann. §47-1805.02(5)(C), D.C. Mun. Regs. t. 109.1, D.C. Mun. Regs. t. 109.4, D.C. Mun. Regs. t. 109.40, Instructions, Form D-20, Corporation Franchise Tax Return	District of Columbia 11-545
Florida	Yes		Permitted if parent and all members of affiliated group that filed federal consolidated return consent.	Fla. Stat. ch. 220.131	Florida 11-545
Georgia	No		Effective April 12, 2005, corporations filing a federal consolidated return must file separate returns, unless prior approval is received.	Ga. Code Ann. §48-7-21(b)(7)(A)(i)	Georgia 11-545
Hawaii	Yes		Permitted for Hawaii-based affiliated groups with Hawaii source income where federal consolidated return requirements have been met.	Haw. Rev. Stat. §235-92	Hawaii 11-545
Idaho	No				Idaho 11-545
Illinois	No			35 ILCS 5/203(c)(2)(E), 86 Ill. Adm. Code Sec. 100.2405(c)(5), Form IL-1120 Instructions, Corporation Income and Replacement Tax Return	Illinois 11-545
Indiana	Yes		Permitted if all filing members of the affiliated group have adjusted gross income derived from activities in Indiana and all qualifying members of the affiliated group are included in the consolidated return.	Ind. Code §6-3-4-14	Indiana 11-545
Iowa	Yes		Permitted (and may be required) for affiliated group members with nexus to Iowa who also file a federal consolidated return; members of an affiliated group that are	Iowa Code §422.37	Iowa 11-545

		exempt from Iowa taxation cannot be included in the consolidated return.		
		Required for affiliated groups that file a consolidated federal return and derive all of their income from Kansas sources; corporations that are members of an affiliated group that do not derive their entire income from Kansas sources and that have filed a federal return may file a Kansas consolidated return with permission.		
Kansas	Yes	We recommend you reference cited authority for more information.	<u>Kan. Stat. Ann. §79-32.142, Kan. Admin. Regs. 92-12-52</u>	<u>Kansas 11-545</u>
Kentucky	Yes, mandatory nexus consolidated filing for tax years beginning on or after January 1, 2005.	Not applicable to REITs, RICs, S corporations, and corporations that realize an NOL whose Kentucky apportionment factors are de minimis. Elective consolidated returns honored for election period prior to 2005. Elective consolidated filers subject to mandatory filing rules after expiration of 8-year election period.	<u>Ky. Rev. Stat. Ann. §141.200(2), 103 Ky. Admin. Regs. 16:200</u>	<u>Kentucky 11-545</u>
Louisiana	No			<u>Louisiana 11-545</u>
Maine	Yes	Permitted for members of affiliated group engaged in a unitary business. All members of unitary business with nexus must be included in the return. Income of unitary business is the net income of the entire group. We recommend you reference cited authority for more information.	<u>Me. Rev. Stat. Ann. tit. 36, §5220(5), Code Me. R. §810.05(A)</u>	<u>Maine 11-545</u>
Maryland	No			<u>Maryland 11-545</u>
Massachusetts	No		<u>Mass. Gen. Laws ch. 63, §32B, Mass. Regs. Code tit. 830, §63.32B.1, Mass. Regs. Code tit. 830, §63.32B.2</u>	<u>Massachusetts 11-545</u>
Michigan	No, for the CIT and the MBT. Yes, for the SBT.	Affiliated groups that are Michigan taxpayers may be permitted or required to file a consolidated return if certain eligibility requirements are met for SBT purposes.	<u>Mich. Comp. Laws §208.77</u>	<u>Michigan 11-545</u>
Minnesota	No			<u>Minnesota 11-545</u>
Mississippi	No			<u>Mississippi 11-545</u>
Missouri	Yes	Permitted for an affiliated group that files a federal consolidated return if at least	<u>Mo. Rev. Stat. §143.431</u>	<u>Missouri 11-545</u>

		50% of the group's income is derived from Missouri sources.		
		Permitted for federally defined affiliated groups that have common ownership of at least 80% of all classes of stock of each affiliated corporation, that have a unitary business operation, and that receive permission from the Department of Revenue.		
Montana	Yes		<u>Mont. Code Ann. §15-31-141</u>	<u>Montana 11-545</u>
Nebraska	No			<u>Nebraska 11-545</u>
Nevada	N/A, because state does not tax general business corporation income.			<u>Nevada 10-001</u>
New Hampshire	No			<u>New Hampshire 11-545</u>
New Jersey	No	Affiliated or controlled groups may be required to file consolidated returns to prevent distortion of income. Required for businesses holding a license pursuant to the Casino Control Act. Permitted for air carriers.	<u>N.J. Stat. Ann. §54:10A-10(c)</u>	<u>New Jersey 11-545</u>
New Mexico	Yes	Only permitted for corporations that have filed a federal consolidated return. We recommend you reference cited authority for more information.	<u>N.M. Stat. Ann. §7-2A-8.4</u>	<u>New Mexico 11-545</u>
New York	No	Permitted only for corporate stockholders in a tax-exempt DISC.		<u>New York 11-545</u>
North Carolina	Yes	<p>Post-2011 tax years: Allowed/required if the DOR determines that the corporation's reported income does not accurately reflect the corporation's income attributable to its business income in North Carolina. DOR required to follow specified procedures when requiring forced combination.</p> <p>Pre-2012 tax years: Allowed/required if taxpayer files a federal consolidated return and:</p> <ul style="list-style-type: none"> taxpayer is directed to file a consolidated return by the Department of Revenue pursuant to the taxpayer's written request or upon the Department's finding that the taxpayer's return does not disclose the true net earnings of the corporation because payments have been made in excess of fair compensation between such a corporation and its parent, subsidiary, or affiliate; or 	<u>N.C. Gen. Stat. §105-130.5A, N.C. Gen. Stat. §105-130.14</u>	<u>North Carolina 11-545</u>

		<ul style="list-style-type: none"> taxpayer's circumstances fall within the Department's rules that require the filing of a consolidated return. 		
		Taxpayers that compute their liability on a combined basis may elect to file a consolidated North Dakota return; two or more North Dakota domestic corporations affiliated as a parent and a subsidiary that file a federal consolidated return must file a combined report and consolidated return for North Dakota income tax purposes.		
North Dakota	Yes		<u>N.D. Cent. Code §57-38-14</u>	<u>North Dakota 11-545</u>
Ohio	Yes for commercial activity tax. No for corporate franchise tax.		<u>Ohio Rev. Code Ann. §5751.011</u>	<u>Ohio 11-545, Ohio 14-065</u>
Oklahoma	Yes	If federal return filed; permitted for two or more affiliated corporations that derive part of their income from Oklahoma sources; required if affiliates income is entirely from Oklahoma sources.	<u>Okla. Stat. tit. 68, §2367</u>	<u>Oklahoma 11-545</u>
Oregon	Consolidated state return required for unitary members that file federal consolidated returns and that are not permitted or required to: <ul style="list-style-type: none"> determine state taxable income on separate basis; or use different apportionment factors than apply to other group members. 		<u>Or. Rev. Stat. §317.710, Or. Admin. R. 150-317.710(5)(b), Or. Admin. R. 150-317.710(a)-(A), Or. Admin. R. 150-317.710(a)-(B)</u>	<u>Oregon 11-545</u>
Pennsylvania	No			<u>Pennsylvania 11-545</u>
Rhode Island	Yes, for tax years before 2015.	Affiliated group may file a consolidated return if 1) all consent, 2) no members are FSCs, DISCs, S corporations, or corporations buying, selling, dealing in, or holding securities on own behalf, 3) all are subject to Rhode Island income tax, and 4) all have the same fiscal year.	<u>R.I. Gen. Laws §44-11-4</u>	<u>Rhode Island 11-545</u>
South Carolina	Yes	May be filed by 1) a parent and substantially controlled subsidiary, 2) two or more corporations substantially under the control of the same interests, 3) a corporation doing business entirely within South Carolina and a corporation engaged in a multistate business, or 4) two or more corporations doing multistate business. We recommend you reference cited authority for more information.	<u>S.C. Code Ann. §12-6-5020</u>	<u>South Carolina 11-545</u>
South Dakota	N/A, because state does not tax general business corporation income.			<u>South Dakota 14-001</u>

Tennessee	No			<u>Tennessee 11-545</u>
Texas	No		<u>Tex. Tax Code Ann. §171.1011, 1 Tex. Admin. Code §3.587(c)(3), 1 Tex. Admin. Code §3.590(d)(6)</u>	<u>Texas 11-545</u>
Utah	No			<u>Utah 11-545</u>
Vermont	Yes, permitted for affiliated group if: <ul style="list-style-type: none"> • income is attributable to state sources and parent or other group member has taxable nexus; • federal return is filed on consolidated basis; and • fiscal year of group members is the same. 	Effective beginning with 2014 tax year, election is irrevocable for five year period, including the year election is made.	<u>Vt. Stat. Ann. tit 32, §5862, Form CO-411 Instructions, Corporate Income Tax Return</u>	<u>Vermont 11-545</u>
Virginia	Yes	Permitted for federally defined affiliated corporation, but a consolidated return may not include corporations that are exempt from Virginia income tax, not affiliated, or that use different taxable years; called a "combined return." We recommend you reference cited authority for more information.	<u>Va. Code Ann. §58.1-442, 21 VAC 10-120-122</u>	<u>Virginia 11-545</u>
Washington	N/A, because state does not tax general business corporation income.			<u>Washington 10-001</u>
West Virginia	Allowed for tax years beginning prior to 2009 if affiliated group filed federal consolidated return and all members of group consent to election. Required for tax years beginning prior to 2009 at discretion of state if necessary to clearly reflect taxable income.		<u>W. Va. Code §11-24-13a(n)(1), W. Va. Code §11-24-13a(h)</u>	<u>West Virginia 11-545</u>
Wisconsin	No			<u>Wisconsin 11-545</u>
Wyoming	N/A, because state does not tax general business corporation income.			<u>Wyoming 10-001</u>

✚ Business Income Tax > Group Filing Requirements and Options > Composite Returns > S Corporations

✚ Business Income Tax > Group Filing Requirements and Options > Composite Returns > Partnerships

✚ Business Income Tax > Group Filing Requirements and Options > Composite Returns > LLPs

✚ Business Income Tax > Group Filing Requirements and Options > Composite Returns > LLCs

Date Prepared: 12/3/2014 10:46:51 AM

©2014 CCH. All Rights Reserved.

CCH Customer Service (800) 344-3734